

CONFIDENTIAL

DDI REMARKS

January 13, 1983

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Ladies and Gentlemen:

Fifteen months after the most far-reaching reorganization in this Directorate's history and a year after I came to this position and introduced a number of changes in the way we do business, it seems appropriate to me to pause with you and reflect on where we stand, what we have accomplished, and the tasks that remain before us. I also would like to talk a bit about your concerns about some Directorate policies.

I. The Reorganization

From my vantage point, the reorganization was overdue and an absolutely necessary foundation for further efforts to improve the quality of analysis. The principal advantage of the reorganization, of course, has been that it positions the Directorate to do integrated political, economic, and military analysis much more effectively and better than in the past. A review of Directorate production in the past year or so offers many good examples of work we have done better because of the new structure and, in some cases, work we could not have done without it.

From a management standpoint, the reorganization exposed unambiguously the dramatic analytical resource needs of the Agency, especially in the Third World. This has enabled us to plan our personnel requirements much more effectively—especially in the economic and military areas. Another benefit of the reorganization has been the improvement in bureaucratic arrangements. Now, consumers in the policy agencies can call one person in the DDI and have their requirements met. A senior official in a policy agency is much more likely to share confidences with a single individual in an

CONFIDENTIAL

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intelligence organization rather than three or four. As a result of this change, a greater effort by your managers to establish regular contact with their policy counterparts, the advice of the DCI and DDCI, and your own good analytical work, I think it is fair to say that our work on contemporary policy issues has never been as relevant, timely, and useful to policy consumers as it is now.

With the reorganization over a year behind us, I believe that the culture of the Directorate is beginning to change to accommodate this structure and that new managers appointed at the time are settling in to their positions, gaining experience, and concentrating increasingly on improving the quality of the product.

All that said, there is little question but that a price was paid for the reorganization. Directorate production of finished intelligence between October 1981 and early spring dropped significantly from levels of preceding years. This was due to many new managers, new organizational arrangements, new approaches for undertaking analysis and the general level of uncertainty and disruption that accompanied physical moves and cultural adjustments.

The most serious and lingering problem as a result of the reorganization has been the breaking up of the cadre of economic and military analysts, both of which came from strong, centralized offices. There are several offices where there are relatively few economists and where they are often isolated within a branch or a division, with little day-to-day contact with their colleagues in the economic world. For many people who grew up in the culture of OER, this represents a disturbing and even lonely experience. In the military sphere there not only are few military analysts outside of SOVA but it is difficult for many of them to see a career track in military analysis when their supervisors usually have political and economic backgrounds. In short, they do not see a way to remain in their field and continue to advance in a regional office. Additionally, there is a concern among analysts in all three disciplines—political, economic, and military—that supervisors not from their earlier functional office do not understand their

CONFIDENTIAL

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analysis, cannot fairly evaluate their performance, and cannot adequately review their substantive work. There is some truth in this.

The Directorate has as a priority concern how to keep the military and economic analysts that we have in the regional offices, to maintain their skills, and to hire additional people to help them and to acquire their level of competence. The office directors have worked with Dick Kerr and me on this problem and I believe we have come up with a combined program of functional panels, hiring and training that will contribute to solving this problem. But it will be one that will be with us for some time. With respect to the lack of a knowledgeable (and sympathetic) substantive senior counterpart, most offices have two of the disciplines represented in their Director and Deputy Director and we are taking steps to ensure that there is a senior referent for the third discipline in the front office in each of the regional offices to review appropriate papers and help supervisors evaluate analysts in that specialty. But this is a difficult issue and, frankly, your own suggestions on how to deal with it—apart from a reorganization along functional lines—are welcome. Finally, there will be a constant tendency—a natural one—to replicate separate, little OSRs, OERs, and OPAs within the new offices. While some of this probably is necessary, we must ensure a mixing of skills within office organizations to encourage genuine multidisciplinary analysis.

A fourth problem has been SOVA's isolation from the Directorate. This will be resolved by SOVA's return to headquarters as promised from the outset. The move should take place in late summer or early fall.

In sum, one cannot minimize the cost that the reorganization imposed on the Directorate, nor the lingering problems. But we have paid most of those costs and the problems certainly are manageable; we are now in a position to enjoy the long-range dividends from the investment that was made.

II. Improving Quality of Intelligence

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A year ago I spoke to you in this auditorium about shortcomings in CIA analysis and I outlined a number of measures to improve the quality of our work. Many of you thought my comments excessively negative, too adversarial and the measures too much too soon after a disruptive reorganization. I spoke bluntly to convince skeptics that we in fact had a serious problem—both in the substance of our work and in the perceptions of that work by policy consumers over a period of years. I moved broadly and quickly to maximize the impact of the totality of the measures I announced and to make clear that from a substantive standpoint, it would not be business as usual. I also was mindful of being the fifth DDI in six years. At the same time, I promised organizational stability and concentration on implementation of the announced measures to improve quality—there would not be new measures every few months, but steady, consistent implementation of what was already known.

That said, let me report to you on where we stand on those measures:

- Rotations to Other Agencies: In order to give analysts and their managers better insight into how policy agencies work, how they use intelligence, and how they regard CIA, I stated that I would begin a program of one-year rotations of current and prospective division chiefs to policy agencies. I suggested I would start with ten. We now have 17 people who are at or committed to go to policy agencies or are committed to go on rotational assignments. Now that policymakers are aware of the program, I have more requests for these rotations than I am prepared to satisfy.
- Research Program: I indicated last January that we would revamp the research program in order to drop projects of marginal value and interest to the American policy community and to ensure that our resources were put to work on serious problems. The new research program was published early last spring, and incorporated in one document research that would be carried on directly by

CONFIDENTIAL

the DI and by external contractors under DI auspices. It was organized by themes expressing the broad questions that we in intelligence need to address and then listing all of the different steps we believe would be necessary to answer each question. This approach offered the reader a view of the comprehensive nature of the problem and an indication of our systematic approach to addressing it. Identification of all necessary projects to tackle a subject also served to pinpoint and highlight our resource needs. This same basic approach has been used in the preparation of the 1983 research program to good effect and it will be published in a few days. I urge all of you to leaf through it. It impressively arrays our plans, our and policymakers' perceptions of global problems of concern to the US, and our capability to address these problems.

On the negative side, last year we underestimated the impact on research and production of the reorganization, the large number of new managers at all levels, the relatively high percentage of new analysts, and the demand on resources of three wars and a number of resource intensive policy issues we would need to address. As a result, we scheduled more papers than we could finish. Even so, we published 565 in the 1982 program, or nearly 75 percent.

Evaluating Analysts: I announced last January that for the first time the Directorate would develop Production Files for every analyst, in which their analytical work over time would be filed to give managers an objective basis—a track record—on which to judge long-range progress, accuracy, and productivity. These files have been established and they are being used in the preparation of Performance Appraisal Reports. I hope their use by Career Service Boards in assigning rankings and making promotions will increase over time.

CONFIDENTIAL

At the same time, we have undertaken to make the PAR a more effective tool for DI managers by placing a premium on more honest evaluations. The narratives have been expanded to provide greater assistance to both the analysts and managers on the strengths and the deficiencies of our people. It also places the onus on managers to talk more honestly with analysts about problems and remedies.

PES: The Product Evaluation Staff has been established and is hitting on all cylinders. Most of you hear of it only in the context of its role in supporting research planning and keeping tabs on execution of the planned program. Its principal function, however, is evaluating our work to identify not only why we occasionally go wrong but also why we are right, and to draw lessons from both experiences. PES has completed one major study that gave the Directorate high marks on substance but identified a number of weaknesses in our crisis management structure. PES currently is working on a study of policy support work done on the Soviet pipeline to Western Europe and on credit flows to the Soviet Union and Eastern Europe. I am content that the Staff is making our product better and doing so in a constructive way.

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Outside Training: With respect to outside training, in the past year have already taken or are signed up to take academic or other outside training. I will discuss this a little more later.

IIC: The Center for Instability and Insurgency has been established and is serving as a core unit for the study of these subjects and terrorism, in the Directorate. It is already making an important contribution. This month it will

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begin publishing a quarterly review of political instability, working with the offices to establish indicators or signals of trouble in key countries.

Current Intelligence: Early last February, current intelligence items in the NID and PDB were broken into two parts: recitation of the evidence or events and a separate comment section. No other single change we have made has elicited as many favorable comments from consumers as this. As a whole, the Directorate is much more aggressive in following up on current intelligence and the publications show it.

Outside Contacts: Your offices have moved quickly to develop an aggressive program of outside contacts. Since last January the offices have sponsored 44 conferences and seminars and over 130 papers have been reviewed and critiqued by outside consultants. Meanwhile, we have continued to expand analysis carried out by private contractors.

Review of Papers: I told you a year ago that, in my view, the principal purpose of the Directorate of Intelligence is to produce high quality, relevant intelligence and that all other activities of the Directorate should be subsumed and contribute to that objective. I pledged to review every draft paper for publication and typescript memorandum prepared in this Directorate and to do so within 48 hours of its receipt. Although I know this process has been unwelcome to you—about which I will say more shortly—and it has made the production of a paper more cumbersome, intensified scrutiny of the analysis by office managers has brought considerable progress in terms of steadily improving consistency in competence and quality. The quality of papers coming to me from the offices has improved in the last several months. We have made

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real progress in eliminating the percentage of our work that was mediocre or poor but which, slipping through, discredited or stigmatized the rest of our analysis.

Resources: No status report would be complete without a brief review of our resource picture. For the first time in many years, this Directorate ended the fiscal year over its authorized personnel strength [] Not only that, as of the end of December, we had almost completely filled our Fiscal Year 1983 T/O [] I am pleased also to report that our budgetary requests for Fiscal Year 1983 were by and large satisfied and involved an increase [] in external analysis funds. We have requested a significant addition in both personnel and funds in Fiscal Year 1984 and I believe we have every reason to expect that these requirements will be met as well. The atmosphere for more resources for analytical purposes is very good at this time.

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III. Analyst Concerns

The foregoing represents progress on a broad front for the Directorate since the reorganization. Yet, I know that some of you question whether some of those items really represent progress and have misgivings about other trends and policies in the Directorate. I would like to address some of these directly, and in doing so, will take advantage of the Management Advisory Group's poll. I won't pull any punches on the poll. I would have preferred to know that it was taking place and had I had an opportunity to see the questions I would have urged breaking them down in ways that would have permitted your answers to be more instructive about the specific nature of your concerns.

Even so, in general terms the poll was helpful. I read your comments with special care. You disagree with each other about almost everything, but your concerns came

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through, as did your dedication, your desire to turn out a quality product—and your frustrations. Overall, I was pleased with the outcome of the poll in terms of responses to the identical questions seven years ago. It indicates both the health of the organization and the fact that among analysts there are certain immutable dissatisfactions. I take greatest heart from the fact that more than three quarters of you find satisfaction in your present job—a little higher than in 1975. With respect to attention to your career development by your supervisors and your training, more of you expressed satisfaction with those situations today than was the case in 1975, in each case by several percentage points. Again, as in 1975, some three-quarters of you consider communication between you and your supervisor to be adequate. While I found most of the results fairly heartening, compared to seven years ago, it does bother me that we only get a C+ in communication.

Now let me address some specific areas where I know you have concerns.

- Politicized Analysis: I think no issue causes analysts more concern than the possibility that analytical objectivity might be bent to meet the wishes or needs of the policymakers. For as long as I have been in this Agency, and that covers a span of seven DCIs, this has been a concern and a source of internal controversy. In view of the number of comments that have been made to me, I want to make several observations on this tender subject.

- First, I need not remind some of you that this concern is closely related to a debate almost as old as the Agency: how close should the analyst be to the policy process and what is the danger of having objectivity corrupted by involvement in that process. Frankly, it often becomes a choice between involvement and irrelevance. Let me quote Admiral Inman on this subject from US News and World Report last December 15: "I'll run the risk of having a very

CONFIDENTIAL

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close dialogue between the decisionmaker and the one that is going to produce intelligence. You have to have faith that the CIA's professionals are strong enough to make straight calls."

I make no bones about where I stand. I have enough faith in you to know that you will do your work as objectively as you can. You should know that the DCI, DDCI and I attach as much importance to this as you do. On several occasions, the Director has been concerned that papers were too prescriptive versus descriptive. And, on the other hand, whenever I alert the DCI and DDCI to forthcoming analysis that will not be welcome downtown, the response always is to proceed. At the same time, to ensure that all aspects of a problem are examined, the Director has made a special effort to see that the range of views on issues in the Community is presented to policymakers. This further contributes to the integrity of the process.

- Let me speak even more pointedly. Under this DCI, the final approval on the President's Daily Brief has been carried out within NFAC or the Directorate of Intelligence. The first time the DCI sees the President's Daily Brief is when he reads it at the same time as the President the next morning. I think this is a remarkable expression of confidence in our professionalism and commitment to the integrity of the process. I cannot imagine any other agency in town in which the head of that agency would permit the career people to put directly into the hands of the President, the Vice President, the Secretaries of State and Defense, and the Assistant to the President every morning a publication on the broadest range of controversial international issues without prior review. By the same token, except when I forward especially interesting drafts to him, the DCI never reviews your draft typescripts or formal publications. We published

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over 750 of these in 1982, many of which carried unwelcome messages. Not once have I ever received a call from the Director complaining about the tone or the approach of a single one of those papers. Similarly, not once have any of you or your managers received such a call from me.

- With respect to papers prepared for the Director's use in policy forums, I can assure you that the Director takes great care to separate his personal views from those of CIA as an institution. When he forwards a paper to his NSC colleagues, which out of pride in your work he often does, he will always attach a separate covering note. When his comments go beyond the scope of the paper or when he offers his view of which alternative outcome is more likely, he makes clear that what he is saying is a personal view.

- At the same time, I try to take considerable care in the comments I make on your papers, not to change your substantive conclusions, even though I might challenge them. As those of you who have had papers reviewed I think can attest, most of the comments that I make on a paper are in the form of questions where the case does not seem to be strong, where there appear to be contradictions and the like. At times I will suggest that material which could be misread as a policy recommendation be rewritten. I would be the first to acknowledge that I am no substantive expert on most of the diverse subjects this Directorate addresses. But I address your papers with the same approach and the same amount of time that you optimally can hope a senior policymaker will address to them. My concern is that you make your case as strongly as possible and as clearly as possible, and if my comments at any point lead you to believe that I am trying to get you to change your analysis for policy reasons then I expect both you and your office director to be on my doorstep demanding

CONFIDENTIAL

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an explanation. In short, our desire to preserve the objectivity of your analysis and to ensure that we give our messages straight is admirable and essential; there is no contradiction between these goals and providing timely and relevant intelligence. All of us in the DI from the top down are bred and trained to keep a watchful eye out that we do not become policy advocates or coopted to a particular view at the expense of intelligence integrity and objectivity.

- Review Process: Of the several policies I instituted, I think the one that has given most of you the greatest heartburn has been review of papers by your office directors and especially by me. I am well aware that my review has caused additional tightening within the office and greater attention to drafts at both the division and office level. This was my intention. I never met an analyst who enjoyed any review process. It is one of those eternal conflicts between those who do the work and those charged with ensuring that the work meets acceptable standards and satisfies the requirements. The review process is not a reflection of my lack of confidence in you, your branch or division chief, or office chief. It is, rather, a process that acknowledges that while the individual analyst is the heart and soul of our work, intelligence is a team effort and that others can sharpen and improve analysis. It also acknowledges that analysts bring different levels of skill to the process. The objective of the process is simply to improve the quality of all our work through this process.

I know the review process is cumbersome. The MAG poll underscored your unhappiness with it. But I would note that more analysts thought the review process had too many layers in 1975 than in 1982—one of those questions where the answer was more mystifying than illuminating. As I said earlier, however painful, it has not dampened production—I reviewed some 750 papers last year—and it has ensured consistently competent work reaching policy people.

CONFIDENTIAL

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Some may wonder, however, if it squelches genuinely creative analysis or new approaches. I can only answer that I have seen too many outstanding, imaginative papers during the past year to accept that argument. Moreover, I have seen that process time and again permit the issuance of papers on short deadlines to meet policy needs.

After a year of reviewing your papers, I plan no change, even while looking for ways to ease the burden the process imposes on the analyst, especially within the offices. I confess I am now hooked on your papers. I find that the discipline forces me to read what you write carefully and I find most of what I read to be fascinating and exciting. I have but one request. Do not be reluctant to come back to me if you disagree with my comments. The success rate of those who do is quite high. I read a great deal; I react quickly and perhaps not always clearly. When you think that has happened, you and your office director come back. Or you can call me directly. The dialogue will be useful and help me to get to know more of you personally. It can't hurt. After all, we are all in this together.

- Space: I talked earlier about our growth in 83 and 84 and beyond. Many of you already work in unsatisfactory conditions. As I said, we will be bringing SOVA back to headquarters in late summer and some may find their conditions not as good as they are While the recent decisions on other units leaving headquarters will provide some space relief and some room for growth, the problem will not go away. Under these conditions you are entitled to an explanation of why we continue to crowd you more and make your work environment even less satisfactory.

25X1

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The Directorate of Intelligence from the early 1960s to 1980 did not grow at all. At a time when the requirements placed on us were exploding into new areas involving the Third World, international economics, energy, technology transfer, space, complexity of Soviet weapons systems and so on, the Directorate had to make do with the same number of people.

We now are at one of those unusual periods in the history of an organization when both the Executive and Legislative branches believe that further growth for us is necessary and important. We cannot know how long that window will remain open. In anticipation of the possibility that when that window closes we will have no other growth between now and the end of the century, I cannot pass up the opportunity to increase our strength to meet present and future requirements because of a transitory space problem. The opportunity is too rare and too fleeting to be passed by.

I know that this imposes sacrifices on you and a cost on our work. Until the new building is finished, and bearing in mind we will this year get some relief, I can only ask your cooperation and assistance. For the short term, as an admittedly small gesture to a very large problem, we will build some ten carrels in the library that will in effect be small, private offices that can be reserved by analysts for a few days or a week or two where they can go after gathering data for a paper and use the privacy to think and to draft.

— Productivity: One of the things that I thought I knew pretty well when I came to this job but had brought home to me in a couple of instances is how careful one should be with informal responses to questions. Specifically, in one

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of the DDI staff meetings, when asked what I thought should be the level of productivity of an analyst I casually expressed the view that it seemed to me two papers a year per analyst on the average within an office would be about right. This has subsequently become translated into a "two-paper rule," and has caused considerable grumbling. Let me put this to rest in this way: forget any "two-paper rule." Productivity in your office is a matter between your office director and me. You don't need to worry about it. If you are not hearing complaints from your branch, division, or office about your productivity, you should assume that you are doing satisfactorily. If your office as a whole could or should be doing more, I will address that to your office director.

- Training: Another initiative that has created some unhappiness is the expectation that every analyst take one three-hour academic course or its equivalent every two years. As I stated from the outset, my objectives in this have been two-fold: first, to give the analyst an opportunity to freshen his or her skills and, second, to expose the analyst to new and unorthodox approaches to problems away from the CIA environment. Accordingly, I would like to use this occasion to amend this initiative and perhaps make it somewhat more palatable: Every analyst still is expected to participate in some form of outside training that contributes to refreshing his or her analytic skills or horizons and offers the opportunity of hearing different points of view at least once every two years. However, you will now be able to satisfy this requirement through a broad range of outside professional meetings, training courses, seminars, and conferences, as well as academic courses. As before, your office directors will approve your proposals. Analysts in their probationary period are exempt.

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- Research versus Current Intelligence: There are still many of you who believe that the only way to advancement and recognition in this Directorate is through current intelligence or current policy support. After all of the time the office directors and I have spent on the research program and the time we all spend in reviewing the papers, I am somewhat chagrined to find that this concern still exists. It is simply not consistent with reality. I have emphasized time and again, for example, that it is the quality of what is in the production file and not the quantity that matters. Beyond this, I would like to point out that out of more than 30 financial awards for excellence in analysis and other DI contributions over the past year, only two were for current intelligence. Finally, I would conclude with a personal observation, at the risk of lessening our performance on current intelligence. Current intelligence is ephemeral; it is work done on things like the building of the Land Armaments and Manpower Model, the research carried out to do [REDACTED] 25X1
[REDACTED] the Soviet space program, or the crop forecasting 25X1
program, or many other such long-term projects that become classics of intelligence analysis and performance and will be remembered years from now as a significant contribution by CIA.

IV. Unfinished Business

Let me now turn to the unfinished business that will hold our attention in the coming year. I see a three-part agenda:

- First, we need to provide organizational stability, continuity in objectives, priorities, and the way people are judged and do their work. This Directorate has gone through many changes over the past six years and, above all, it still needs time to settle down and for people to get accustomed to a set of

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objectives, requirements and standards that they can rely on being the same from one year to the next. We will concentrate on the few lingering problems from the reorganization. I foresee no additional organizational changes.

- Second, we will continue to implement the measures undertaken in the last year aimed at improving the quality of intelligence and others that help instill creativity, independence of thought and imagination in our analysis.
- Third, we all need to work on some problems that have been with us a long time. We have made progress on several but much more can be done:
 - There is still a strong tendency on the part of DDI analysts to approach too many problems with a very narrow perspective and to miss the broader implications or ramifications of their analysis. We can improve our ability to look at issues or problems broadly, to pull together disparate threads and sketch a "strategic" picture for the policymaker. We have a hard time pulling out similar political, economic, or military developments in disparate parts of the world, identifying features they have in common and analyzing the broad implications. Our new organization and our hiring practices contribute to this problem. We are increasingly hiring specialists and they are going to work in offices where each analyst's responsibilities are increasingly narrow. The offices themselves are structured in a way that narrows topics and all of this together often gives us great analysis on trees but not enough on forests.
 - Another analytical problem is our strong tendency to offer a single explanation or interpretation of a given set of events. You and I both know that in many important situations, our evidence is ambiguous or, at minimum, not

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conclusive. And yet, reading most of our material, one would get the impression of great confidence that events will unfold as we have described. This tendency to accept and publish a single explanation is reinforced by our present organizational structure, in which most analytical problems can be treated within a single office. While there were many disadvantages to the old structure, one benefit of the difficulty of coordination was that it provided more opportunities for the clash of ideas and for alternative hypotheses to butt against one another.

Even though we should still offer our readers our best estimate of what will happen in a given situation, we need to be more conscientious in exploring the scenarios that come in second. In short, if we think that the odds are 60-40 against an event, but the consequences of it are terribly significant for the United States, we should take the extra time and space to explore the less likely alternative to ensure that the policymaker is aware that it exists and the consequences should it come to pass.

— We too often try to be too reassuring. You are all familiar with this. More often than not when we have been wrong it is because we have dismissed out of hand as preposterous that which eventually came to pass or as old hat that which really was new. We must not get diverted too much to devil's advocacy of totally unlikely eventualities, but by the same token we need to be more open minded than we are. Moreover, given a choice between being reassuring or raising flags of concern for the policymaker, as an intelligence organization we should raise the flags in a responsible way. We are not academicians, nor are we lawyers trying a case in court. We are intelligence officers, and it is our role to raise concerns, to be suspicious, to admit the

CONFIDENTIAL

CONFIDENTIAL

possibility of almost any development. The absence of evidence is not any assurance that an event did not take place. In such circumstances, we should take account of logic, history, circumstance and common sense in our preliminary assessments. But we, of all people, must be open minded and ready to entertain any possibility. There is no place in intelligence analysis for closed minds.

- Another problem, as I mentioned a year ago, is a continuing kind of arrogance on the part of some of our analysts with respect to the contribution others outside this building can make to problems. Some of us get so set in our ways and so convinced that we are right that we are unwilling to consider other ways of doing things or other approaches that may come close to meeting our objectives. Too often in some areas we dismiss out of hand contributions that other organizations can make when in fact by working with them we could significantly diminish the burden on ourselves.
- We still have trouble dealing with questions of future intentions and drawing out the implication of our analysis. We are getting better, but often we are still too timid about looking into the future and taking the last step in our analysis-- answering the question "so what?"
- The last problem that I would address has been one of the most frustrating I have encountered. It is the difficulty of communicating with you. Reading your comments on the survey was instructive. It seemed as though some of you heard me through the last year and some had not. I thought that through meeting with the branch and division chiefs every two months or so and meeting with a branch each week for an informal lunch I would be able to respond fairly

CONFIDENTIAL

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well to your concerns and the specific issues that worry you. I also have counted on my meetings with the office directors each week to ensure that you have up-to-date information on what is going on. I have found these forums deficient. You have often been reluctant to raise directly with me in branch lunches and other meetings your specific concerns. By the same token, communicating through the DDI staff meetings has its problems. I will be looking for ways in this second year for us to improve communication. That may involve just making myself available for questions and answers here in the auditorium periodically or other alternatives. I would welcome your suggestions. I will continue the branch and division chief meetings and I will try a few more of the branch lunches.

VI. Conclusions

The Directorate of Intelligence has covered a great deal of ground in the last 15 months. An organizational structure and policies for improving the quality of analysis are in place and, if given time, show every sign of proving successful.

It has been a difficult year. You have worked very hard and can point to important substantive successes and achievements. By virtue of several wars, international crises, and the growing dependence on CIA analysis by policymakers throughout the government, the Directorate had unparalleled opportunities in 1982 to make unique contributions.

- In the Soviet area, for the first time in the history of the Agency we called a Soviet succession correctly and did so months ahead of the event. You also did remarkable work relating to the effectiveness of US sanctions on the USSR, East-West trade issues, hard currency and credit situations, and the Soviet gas pipeline. Work was completed on the Land Armament and Manpower Model which is so outstanding it is now the Community data base for ground forces and is being expanded to include other forces.

CONFIDENTIAL

- We led the rest of our own government and then other Western governments to an appreciation and understanding of the technology transfer problem, and supported efforts to take action against this threat.
- We forecast future Soviet space problems and in so doing had a major impact of the direction of future US space developments. Closer to earth, our analysts proved at home and abroad the use by the Soviets of toxins and other lethal chemicals in Indochina and Afghanistan.
- We are developing for the first time in many years a capability to undertake in-depth research and analysis on the root causes of instability. At the same time we have carried out research of unique value on narcotics trafficking and terrorism.
- We did extraordinary analysis on international economics, energy, and finance issues.
- We continued our efforts to interpret and forecast developments in Africa, especially with respect to South African, Namibian and Angolan and Cuban entanglements.
- We contributed greatly to analysis on Central America.

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- We provided extraordinary support during the Falklands war, from both the European and Latin American perspectives.
- We produced timely, objective analysis on US-European problems, including the European peace movement, debt rescheduling, and the pipeline.
- We were the backbone of US analysis of developments in Eastern Europe, especially on Poland.
- Our coverage of the Philippines has been a model of multidisciplinary research.
- Our support for negotiations leading up to the Sino-US Communique last August and progress in longer-term research, such as on 25X6 PRC off-shore oil prospects, have made an important contribution in East Asia.
- We have turned out superior imagery and analytical papers on Cuban ground forces, Backfire production, and other topics.
- On the Middle East, we bore the burden of two wars, in Iran-Iraq and Lebanon, and yet at the same time were able to complete one of the most extensive single-country research plans in the Agency's history.
- These and many other substantive achievements were carried out against the backdrop of steadily improving support capabilities in OCR and in the Office of Current Production and Analytic Support.

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These are but a few of the successes to which you can point during 1982. It is a list that could be extended many times because the Directorate has produced hundreds of well done, timely, relevant papers on subjects of importance. It is a performance of which you can justly be proud.

I received conflicting advice from your office directors on how to close this. Some warned that if I described great progress after my criticism of a year ago that many of you would nod knowingly, if not cynically, that that was to be expected. Others thought I should ensure that you were aware of the progress that has been made in the past year and the positive response on the part of both the Executive and Legislative branches.

I will try to have it both ways. I have cited a number of problems that we continue to face in analysis and in management of the Directorate. They are important and difficult problems. Many of them will take years to overcome. Yet, I do believe this Directorate has made very real progress in the past 15 months. I am impressed by the number of compliments from a broad range of members of Congress and policymakers on the quality of work that has been done this last year. What is all the more striking is that some of those comments have come from people for whom the message we had to offer was an unwelcome one and not particularly helpful. In current intelligence we have become more aggressive and more forward leaning. We have maintained and built upon our special relationships with the principals on the National Security Council in delivering the PDB directly to them and sitting with them while it's being read and answering their questions.

The research program speaks for itself. The finished intelligence monographs that we have published, their range, diversity, and imagination of their subject matter build on years of experience and capability. Our finished research over the last year on the Philippines, South Africa, Egypt, Iran, the Soviet Union in all its aspects, technology transfer, instability, international finance, Central America, terrorism, Europe,

and on and on are tributes to your skill and analysis and the

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efforts of your managers. We have made progress this year not only in maintaining the quality of the preponderance of our work, but in eliminating much of that which did not measure up.

We have much left to do. We will be looked to increasingly as the only place where people can get both information and analysis that is straightforward, clear and objective. You have accomplished a great deal in the last year. I believe all the trends are headed in the right direction. I intend to use this next year to continue consolidating the benefits of the still new organization and policies aimed at improving the quality of our work. And, I would like to see what we can do to ease some of the bureaucratic frustrations that get in your way as you do your work. Finally, I would like to foster a greater sense of teamwork in the Directorate. We are an organization unique in the world, and even more one whose work is of critical importance to this government. Pride of belonging, as of authorship, is justified.

I said last year that our goal should be the realization on the part of people throughout government at all levels that if they have not talked to you or read your analysis then they are by definition badly informed. While we have ground still to cover, we have made and are making good progress toward that goal.

I am very proud to be associated with you and the work you do and I look forward to this next year with you. Thank you.

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